

## 504 Loans: A Tool for Economic Development

### Certified Development Companies can help small business qualify for SBA loans

Growing businesses are often unable to qualify for traditional financing because of the difficulty of coming up with a down payment of 30 percent or more. When a conventional loan is not possible, a 504 loan may be the answer. The SBA 504 Loan Program gives small business owners the following advantages: generally a lower down payment; below-market, fixed rate financing, which avoids the uncertainties or future market fluctuations; and a longer repayment term that brings debt service in line with the cash flow generated by the asset.

Virtually all types of for-profit small businesses are eligible for this program. Loans cannot be made to investment companies, or businesses engaged in speculation or investment in rental real estate.

The loans are for acquiring long-term fixed assets, such as land, buildings, machinery and equipment. Loans can also be used for building, mod-

**504 Loans in Oklahoma**  
FY 08 To Date  
 50, 504 Loans  
 Valued at more than  
 \$28 million  
FY 07  
 112, 504 Loans  
 Valued at more than

### Study shows revenues, jobs increase after SBA 504 loan

A 504 Loan economic impact study, conducted by the National Association of Development Companies, shows significant contributions to the nation's business development, job growth and tax base. The study was conducted in late 2007 and evaluated 831 SBA 504 loans issued between January 2003 and February 2005. The survey sample represented 5.5 % of the 504 loan volume issued throughout the nation during that time. The average loan size from the survey sample was about \$506,000, which was very close to the national average of \$481,400. In

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### Oklahoma Certified Development Companies

**Rural Enterprises of Oklahoma, Inc.**

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 Durant, OK 74702  
 Phone: (580) 924-5094  
 Fax: (580) 920-2745  
 Debbie Partin  
[dpartin@ruralenterprises.com](mailto:dpartin@ruralenterprises.com)

**Verd-Ark-Ca Development Corp.**

1700 Broadway  
 Muskogee, OK 74401  
 Phone: (918) 683-4634  
 Fax: (918) 683-7894  
 L.V. Watkins  
[verdark@suddenlinkmail.com](mailto:verdark@suddenlinkmail.com)

**Metro Area Development Corp.**

6412 N. Santa Fe, Ste. C  
 Oklahoma City, OK 73116  
 Phone: (405) 424-5181  
 Fax: (405) 424-1781  
 Dan Fitzpatrick  
[dan@rhess.com](mailto:dan@rhess.com)

**Small Business Capital Corp.**

15 W. Sixth St., Ste. 1300  
 Tulsa, OK 74119-5406  
 Phone: (918) 584-7888  
 Fax: (918) 599-8339  
 Peggy Rice  
[peggyrice@sbcc-ok.com](mailto:peggyrice@sbcc-ok.com)

**Tulsa Economic Development Corp.**

907 S. Detroit Ave., Ste. 1001  
 Tulsa, OK 74120  
 Phone: (918) 585-8332  
 Fax: (918) 585-2473  
 Rose Washington-Rentie  
[rose@tulsaedc.com](mailto:rose@tulsaedc.com)

### A New Face in the Place: John Veal joins the Oklahoma District Office

John D. Veal, Jr. accepted a position as Business Development Specialist in the Oklahoma District Office in February. His responsibilities include assisting small businesses in the 8(a) Business Development Program, Procurement area and serving as Veteran's Outreach Program coordinator.

Veal is a native of Shreveport, LA. Before his assignment at SBA, Veal served as director, Defense Military Pay Office at the Defense Finance and Accounting Service in Fort Polk, LA and Ft. Sill, Ok. Prior to that, he worked as Business Development Specialist at the Oklahoma Small Business Development

Center in Lawton. In 2005, Veal was named the SBA Oklahoma State and Region VI Veteran Small Business Champion of the Year. He earned an MBA at Oklahoma City University and is a retired U.S. Army First Sergeant where he served as a Finance Noncommissioned Officer.



## Small Firms Hit Hardest By Rising Energy Costs

### Manufacturing And Commercial Sectors Top The List

Small firms are hardest hit by rising energy costs, according to a study released by the SBA's Office of Advocacy. The small manufacturing and commercial sectors top the list of burdened industries, on an energy cost per value of industry shipments and an energy cost per sales basis. The report finds that for 10 of 17 manufacturing sectors for which data were available, small firms spent considerably more for energy than large firms did, on a per value of industry shipments basis. For food manufacturers, leather and allied products manufacturers, and computer and electronic products manufacturers, the costs per dollar of output were more than double those of their larger counterparts. The author also finds that in 26 of 31 commercial industries studied, small firms have higher energy expenditures on a cost per dollar of sales basis.



A complete copy of the report, *Characterization and Analysis of Small Business Energy Costs*, may be accessed by visiting [www.sba.gov/advo](http://www.sba.gov/advo).

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ernizing, renovating or restoring facilities or purchasing long-term machinery and equipment.

The SBA's 504 lending intermediaries, Certified Development Companies (CDCs), serve your community to finance business expansion needs through the 504. CDCs are nonprofit corporations set up to contribute economic development in their local communities. CDCs work with the SBA and private sector lenders in a public-private partnership to provide financing to small businesses.

The maximum SBA debenture is: \$1.5 million for regular 504 loans meeting the job creation criteria or a community development goal; \$2.0 million for loans meeting certain public policy goals; \$4.0 for manufacturing loans.

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addition, the industry distribution of survey respondents closely matched the nationwide mix of loan recipients. To view the study, visit <http://504impact.com/Economic-impact-study.php>

#### Highlights of Study

- ◆ 77% of the businesses reported increasing revenues within 2 years of the 504 loan funding date.
- ◆ About 62% of businesses reported job growth in the 2 years following the loan funding. About 75% of businesses reported an increase in overall payroll as a result of their SBA 504 loan.
- ◆ Applying the study results to over 15,000 504 loans funded nationally during the 2-year study period (2003-2005), the SBA 504 loan program is responsible for the **net growth of 54,000 jobs** and \$4.6 billion in labor income. Additionally, the businesses increased revenues by about \$24.4

## Mid-America Lender's Conference set for August 11-13

The 14th Mid-America Lenders Conference will be held Aug. 11-13 at the Grand Hyatt Hotel in San Antonio, Texas. The event will be hosted by the UTSA South-West Texas Border Small Business Development Center, the U.S. Small Business Administration San Antonio District Office and the Central Texas Association of Government Guaranteed Lenders.

The conference will feature a dynamic mixture of pre-conference activities, loan program training, networking opportunities and lender marketing tips. For more information visit [www.malc-conference.com](http://www.malc-conference.com)

## New address posted for processing alien forms

Oklahoma lenders should begin sending alien verification request forms to the following U.S. Citizenship and Immigration Services (USCIS) Office:

**Headquarters Washington, DC  
U.S. Citizenship and  
Immigration Services  
4th Floor, Crystal Plaza VI  
2221 South Clark Street  
Arlington, VA 22202  
Attn: Immigration Status  
Verification Unit**

Effective immediately, state lenders should send Forms G-845 and G-845S to the office listed above. Forms should be processed within 10 business days after the USCIS receives the form in office. If processing time exceeds 10 business days, please call the USCIS toll free at 1-877-469-2563. Questions about policy should be emailed to [SAVE.Help@dhs.gov](mailto:SAVE.Help@dhs.gov)

For more information, contact the Oklahoma District Office at 405-609-8000.

## SBA extends new loan program SOP effective date to June 15

SBA has agreed to a request from lenders for a 45-day extension to the effective date of its modernized Standard Operating Procedure for lender and development company loan programs.

The revised document, SOP 50 10, which has been cut in length from 1,000 pages to 400, was completely re-written with significant input by program participants, including lenders, certified development companies, and SBA employees. Although the revision incorporated sub-

stantial structural changes, SBA made only limited policy changes or clarifications in the document.

SBA staff from the Office of General Counsel and the Office of Financial Assistance met with lenders and CDCs in sessions across the country to discuss clarifications and changes to the SOP and to hear any concerns raised about specific issues.

As a result of those meetings, SBA has identified certain technical changes to the SOP that should be made before the

SOP takes effect. The lending community has requested an extension to the effective date of the SOP and, as a result, SBA is extending the effective date from May 1, to June 15, 2008.

Lenders, CDCs and other interested parties can e-mail questions or comments regarding the new SOP to SBA at [SOP50-10Modernization@sba.gov](mailto:SOP50-10Modernization@sba.gov). The revised SOP may be found at <http://www.sba.gov/tools/resourcelibrary/sops>.

### Oklahoma Top 10 SBA Lenders & CDCs through March - FY 08

#### Top volume lenders by number of loans

1	BancFirst	57 loans	\$16,237,500
2	JP Morgan Chase Bank, N.A.	41 loans	\$1,876,000
3	Innovative Bank	34 loans	\$745,000
4	Arvest Bank	15 loans	\$3,338,800
5	ONB Bank & Trust Company	14 loans	\$4,825,300
6	Business Loan Center, LLC	13 loans	\$495,000
7	Borrego Springs Bank, N.A.	9 loans	\$280,000
8	Bank of America, N.A.	9 loans	\$143,500
9	Arkansas Valley State Bank	7 loans	\$938,000
10	CIT Small Business Lending Corp.	6 loans	\$5,031,800

#### Top volume CDCs by number of loans

1	Small Business Capital Corp.	15 loans	\$7,728,000
2	Rural Enterprises of Oklahoma, Inc.	12 loans	\$7,156,000
3	Tulsa Economic Development Corp.	12 loans	\$4,830,000
4	Metro Area Development Corporation	5 loans	\$5,572,000

#### Top volume lenders by dollar value of loans

1	BancFirst	57 loans	\$16,237,500
2	CIT Small Business Lending Corp.	6 loans	\$5,031,800
3	ONB Bank & Trust Company	14 loans	\$4,825,300
4	First American Bank, Purcell	5 loans	\$3,715,750
5	Arvest Bank	15 loans	\$3,338,800
6	Security Bank	3 loans	\$1,989,460
7	Beach Business Bank	1 loan	\$1,930,000
8	JP Morgan Chase Bank, N.A.	41 loans	\$1,876,000
9	Unity Bank	1 loan	\$1,600,000
10	Citizens Security Bank & Trust Co.	5 loans	\$1,443,000

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1	Small Business Capital Corp.	15 loans	\$7,728,000
2	Rural Enterprises of Oklahoma, Inc.	12 loans	\$7,156,000
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4	Tulsa Economic Development Corp.	12 loans	\$4,830,000

### Top 10—504 Loans FY 2008

**COMFORT INN**  
OKLAHOMA CITY  
\$2,000,000.00

RURAL ENTERPRISES OF OKLAHOMA, INC.

**HAMPTON INN SOUTH**  
OKLAHOMA CITY  
\$1,990,000.00

RURAL ENTERPRISES OF OKLAHOMA, INC.

**HOLIDAY INN EXPRESS**  
PAULS VALLEY  
\$1,939,000.00

SMALL BUSINESS CAPITAL CORPORATION

**QUALITY INN**  
OKLAHOMA CITY  
\$1,896,000.00

METRO AREA DEVELOPMENT CORPORATION

**LAQUINTA INN & SUITES**  
BARTLESVILLE  
\$1,585,000.00

SMALL BUSINESS CAPITAL CORPORATION

**BEST WESTERN INN & SUITES**  
THACKERVILLE  
\$1,396,000.00

METRO AREA DEVELOPMENT CORPORATION

**RUDY S FERNANDEZ MD PC**  
EDMOND  
\$1,217,000.00

METRO AREA DEVELOPMENT CORPORATION

**SUPER 8 TULSA**  
TULSA  
\$1,075,000.00

RURAL ENTERPRISES OF OKLAHOMA, INC.

**INDIAN HILLS RESORT & MARINA**  
BERNICE  
\$812,000.00

TULSA ECONOMIC DEVELOPMENT CORP.

**ADA AMBULATORY SURG. CENTER**  
ADA  
\$802,000.00

RURAL ENTERPRISES OF OKLAHOMA, INC.